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SOUTH VIETNAM

I. Diem installed new government, on 10 May, to jump the gun on any recommendation coming out of US-French meetings in Paris.

His cabinet (14 men) consists mainly of capable, non-party but nationalist technicians; includes three Cao Dai representatives.

B. Diem holds that "broadening" of government along lines urged by French would mean embracing men whose sole aim would be to destroy him.

C. Fact that no posts in new cabinet allotted to Revolutionary Council indicates Diem's determination not to be dominated by that group.

D. Diem apparently willing to wait for a national assembly to oust Bao Dai and will work for early election of such

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NO CHANGE IN CLASS. ☐

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II. Diem wants French Expeditionary Corps withdrawn soonest possible.

- A. He sees it as instrument of French intrigue.
- B. Would be satisfied for present if French forces were moved out of Saigon, deployed mainly on [redacted]
- C. Demarcation line now patrolled only by Vietnamese, closest French units are at Tourane.
- D. Phased withdrawal of French forces would <sup>MAKE</sup> ~~provide~~ considerable political capital <sup>FOR</sup> ~~to~~ Vietnamese government.

III. [redacted] S 25X1C  
popular support for Diem in areas of central Vietnam from which Viet Minh now withdrawing

- 1007
- A. Even simplest peasant, when directly queried by US observer, could give brief background history of premier.
  - B. Pro-Diem demonstrations in several towns appeared spontaneous.

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C. Personal observations by various US spectators strongly discount French reports that these demonstrations Communist-inspired.

IV. Binh Xuyen remnants and Hoa Hao forces still giving army some trouble in the South.

- A. Binh Xuyen has retreated to its old hangouts in swampy areas between Saigon and the coast where they are able to cut the road to Cap St. Jacques.
- B. Terrain is such that complete destruction will be hard job.
- C. Hoa Hao units, southwest of Saigon, continue intermittent attacks on government posts.

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12 May 1955

SOUTH VIETNAM

According to the press French and US officials reached a 5-point agreement in Paris. The 5 points are: (1) Bao should remain as nominal head of state but stay in France; (2) Diem should widen his cabinet; (3) elections should be held as soon as possible; (4) the US should use its influence on Diem to halt anti-French propaganda; (5) the FEC should be progressively withdrawn.

Saigon reports state that Diem will ask Paris either to move the FEC to the demarcation line or to withdraw it.